



MSBE Construction Subcontracting Goals Methodology



Economic Development Committee Meeting
June 14, 2018



Agenda



- **Construction Delivery Methods**
- **Construction Manager at Risk (CMAR) Overview**



- **CMPD Central Division Station Project**
 - Contract Value
 - Bid Packages



- **CBI Subcontracting Goal(s) Methodology**
 - Project Specific Subcontracting Goal(s) Calculation
 - Calculation for CMPD Central Division Station Project







- **Policy Discussion**
 - How to increase subcontracting goal levels

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Construction Delivery Methods

	Method	When it's used	Selection Method
	Traditional Design-Bid-Build	<ul style="list-style-type: none"> Typical horizontal and vertical projects Most widely used method 	Lowest responsive, responsible bidder
	Design-Build	<ul style="list-style-type: none"> When the speed of delivery of a project is critical Repairs after disasters City has limited experience 	Request for qualifications (RFQ) qualifications based
	Construction Manager at Risk (CMAR) CMAR holds all subcontracts	<ul style="list-style-type: none"> For complex projects that are typically over \$10M Most common on vertical projects City has performed 15-20 CMAR projects Selected during the early part of design 	Request for qualifications (RFQ) qualifications based
	Construction Manager as Agent CM hold no subcontracts	<ul style="list-style-type: none"> For complex projects that are typically over \$10M Used on Blue Line and Blue Line Extension Selected during the early part of design 	Request for qualifications (RFQ) qualifications based

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Construction Manager at Risk (CMAR) Process

	<ul style="list-style-type: none"> City issues an RFQ for construction management services (per State statute) typically during the early stages of design. When staff chooses a firm, we typically consider: <ul style="list-style-type: none"> Experience with similar projects Familiarity with local market Prior success with diversity programs on other projects City enters into a Pre-Construction Services contract (Council approval needed > \$100k) <ul style="list-style-type: none"> Plan reviews Cost estimating Scheduling services
	<ul style="list-style-type: none"> CMAR works with designer and owner throughout the design process Between 60%-75% design phase, City and CMAR review project scopes and estimates, then set CBI goals CMAR hosts an outreach session to get market interested in the project and to discuss the project schedule, budget, and CBI goals
	<ul style="list-style-type: none"> CMAR is required to pre-qualify all 1st tier bidders (per State statute) Staff and CMAR negotiate the contract terms and contract value based on 95% cost estimate Council is asked to award a CMAR contract
	<ul style="list-style-type: none"> CMAR advertises the individual bid packages including CBI goals (per State statute) CMAR verifies bids and reviews CBI utilization/GFEs with City staff E&PM and CBI staff authorize CMAR to award individual bid packages to lowest responsible/responsive bidder CMAR contract converted to Guaranteed Maximum Price (per State statute) Low bidders perform work as sub-contractors to CMAR

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Construction Manager at Risk Contract Value

   	Bid Packages	\$16,502,563 (based on 95% complete design)
	Edifice's General Conditions	\$1,193,714
	<ul style="list-style-type: none"> • Staff & admin • Job trailer rental • Utilities • Parking costs • Storage yard • Subconsultants 	
	Allowances	\$191,545
	Bonds & Insurance	\$293,816
	Permits and Fees	\$145,000
	Edifice Contingency	\$510,449
	Edifice Fee	\$696,831
	City Contingency	<u>\$669,859</u>
	Total Contract Value	\$20,203,777

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Bid Packages

   	Final Cleaning	Overhead Doors
	Continuous Cleaning	Glass
	Site Work	Drywall & Metal Studs
	Site Concrete	Acoustical Ceilings
	Cast-in-place Concrete	Hard Tile
	Pre-cast Concrete	Flooring & Epoxy
	Fencing	Paint
	Landscaping	Specialties
	Soil Improvements	Signage
	Striping	Operable Partitions
	Masonry	Metal Lockers
	Steel	Trellis & Aluminum Tubes
	Millwork	Louvers
	Waterproofing	Window Treatments
	Fireproofing	Elevators
	Roofing	Fire Sprinkler
	Metal Panels	Plumbing
	Doors & Hardware	HVAC
		Electrical

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CBI Subcontracting Goal(s) Methodology



Why Set Project Specific Goals?

- To align goals with market availability of MSBE firms
- To provide a legally defensible framework for contract compliance



Components for Setting Project Specific Goals

- Mathematical calculation using MSBE availability and project work scopes



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CBI Subcontracting Goal(s) Methodology



- The City's methodology is industry best practice
 - Endorsed by American Contract Compliance Association and taught annually at National Training Institute
 - Utilized by Department of Transportation for establishing Disadvantaged Business Enterprise subcontracting goals
 - Minimizes the risk of litigation and reinforces a program with a sound, structured process



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CBI Subcontracting Goal(s) Methodology

How are SBE and MBE Subcontracting Goals Established on Construction Projects?

Using the project estimate:

- Identify estimated subcontracting scopes of work and associated costs
- Identify for each scope available SBEs and MBEs (as listed in City's vendor database)
- Calculate MBE and SBE availability for each scope
- Calculate certified work scope amount for each scope
- Total the opportunities
- Review historical data of actual results on past similar projects

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CBI Subcontracting Goal(s) Methodology

Certified
Work
Scope
Amount



\$ Estimate
Scope A

Work
Scope
Availability
Calculation



#MBE Vendors
for Scope A

X

=

**MBE Opportunity
for Scope A**

\$ Estimate
Bid Packages

#Total Vendors
for Scope A

. . . . Same for SBE calculation and for Scope B,C,D, etc., then total the opportunities

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Example Application of Methodology

MBE Goal-Setting

CMPD Central Division Station Project

Total Construction Bid Package Cost Estimate \$14,619,420

		(a)	(b)	(c)	(d)	(e)	
			(a) / \$14,619,420			(d) / (c)	(b) x (e)
Scope	Scope of Work	Scope Estimate	Scope Estimate as % of Total Project	Total # Vendors for Scope	# MBE Vendors for Scope	% MBE Vendors	MBE Opportunity
A	Glass	\$ 1,030,455	7.1%	5	0	0	0%
B	Drywall	\$ 636,141	4.4%	48	10	21%	0.92%

ALL OTHER SCOPES TOTAL

9.08%

Total ALL MBE Opportunities to Arrive at Project MBE Subcontracting Goal

10% MBE Goal

$$\frac{(a)}{\$14,619,420} \times \frac{(d)}{(c)} = \text{MBE Opportunity for Scope A}$$

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CBI Policy Considerations



- Current CBI policy and program's primary focus has been on connecting and growing capacity of **existing** MWSBEs to City contracting opportunities



- Increasing availability of MWSBEs would drive increases in project MWSBE goal levels



- Consideration: Focus initiatives on supporting creation of **new** MWSBEs to address gap areas where MWSBEs are underrepresented in City contracting



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Central Division Rendering



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3-Story Building with 5-Level Deck



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